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HONG WEI (ASIA) HOLDINGS COMPANY LIMITED

鴻偉(亞洲)控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

SUPPLEMENTAL AGREEMENT FOR A MAJOR AND CONNECTED TRANSACTION

SUPPLEMENTAL AGREEMENT

Reference is made to (i) the announcement of the Company dated 12 January 2016; (ii) the announcement of the Company dated 2 February 2016; (iii) the announcement of the Company dated 31 March 2016; (iv) the announcement of the Company dated 31 May 2016; (v) the announcement of the Company dated 31 August 2016, in relation to, among other matters, a major and connected transaction of the Company.

Upon further negotiations among the parties under the Acquisition Agreement, the parties entered into the Supplemental Agreement to the Acquisition Agreement on 20 September 2016 to, among other matters, (i) revise the amount of the Consideration to reflect an increase in the amount of the Sale Loan and (ii) amend the payment method of the Consideration.

Pursuant to the terms of the Supplemental Agreement, according to the management account as at 31 August 2016, the Sale Loan has increased to approximately HK\$81 million. As such, the Consideration to the Acquisition Agreement will need to be adjusted accordingly.

Pursuant to the terms of the Supplemental Agreement, the adjustment to the Consideration shall be satisfied partly by the issue to the Vendor of the Consideration Shares and partly in cash, being the total consideration payable for the Proposed Acquisition.

IMPLICATION UNDER THE LISTING RULES

Notwithstanding the changes made by way of the Supplemental Agreement, the Proposed Acquisition remains to constitute a major acquisition and connected transaction of the Company under Chapters 19 and 20 of the Listing Rules, respectively.

Reference is made to the announcement (“**Announcement**”) of Hong Wei (Asia) Holdings Company Limited (“**Company**”) dated 12 January 2016 in relation to, among other things, the Proposed Acquisition. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

INTRODUCTION

On 12 January 2016, the Company and the Vendor entered into the Acquisition Agreement, pursuant to which, among other things, (i) the Company has conditionally agreed to acquire from the Vendor the Sale Shares and (ii) the Vendor has agreed to assign to the Company, and the Company has agreed to accept the assignment of, the Sale Loan as the Consideration.

Upon further negotiations among the parties under the Acquisition Agreement, the parties entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Acquisition Agreement on 20 September 2016 to revise the amount of Consideration to reflect the increment of the Sale Loan from approximately HK\$48 million as at 30 September 2015 to approximately HK\$81 million as at 31 August 2016. Major changes to the Acquisition Agreement are set out below:

THE SUPPLEMENTAL AGREEMENT

Date: 20 September 2016

Parties:

- (1) The Company, as purchaser; and
- (2) The Vendor

Consideration for the Acquisition:

Change in amount of Consideration

Pursuant to the terms of the Supplemental Agreement, subject to the increment of the Sale Loan, the Consideration to be payable by the Company shall be HK\$183 million after taking into account the increment of the Sale Loan from approximately HK\$48 million as at 30 September 2015 to approximately HK\$81 million as at 31 August 2016. The revised amount of the Consideration of HK\$183 million (“**Revised Consideration**”) was arrived at by the Company based on various factors, including, but not limited to, (i) the factors stated in the section headed “Reasons for and Benefits of the Proposed Acquisition” set out in the Announcement; (ii) the current financial position of the Group; (iii) the unaudited consolidated net asset value of the Target Group as at 31 May 2016; (iv) the preliminary market value of the Forests in its existing state as at 31 May 2016 as appraised by the Independent Valuer of approximately RMB184.5 million; and (v) the actual amount of the Sale Loan as at the date of the Supplemental Agreement. The original Consideration amount was HK\$150 million.

Change in payment method of the Consideration

Pursuant to the Acquisition Agreement, the consideration for the Proposed Acquisition is HK\$150 million which will be satisfied through the allotment and issue of 348,837,209 new Shares, credit as fully paid, at an issue price of HK\$0.43 each by the Company to the Vendor.

Pursuant to the Supplemental Agreement, the Revised Consideration shall be satisfied with the following:

- (1) as to HK\$150 million by the allotment and issue of an aggregate of 348,837,209 Consideration Shares at an issue price of HK\$0.43 each by the Purchaser to the Vendor on the Completion Date;
 - (a) represents a premium of approximately 17.81% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on 20 September 2016 (being the day of this announcement);
 - (b) represents a premium of approximately 20.11% to the average closing price of HK\$0.358 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 19 September 2016 (being the last trading day immediately prior to this announcement); and
 - (c) represents a premium of approximately 17.81% to the average closing price of HK\$0.365 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 19 September 2016 (being the last trading day immediately prior to this announcement).
- (2) as to HK\$10 million will be paid in cash on or before 30 June 2017;
- (3) as to HK\$10 million will be paid in cash on or before 31 December 2017; and

(4) as to HK\$13 million will be paid in cash on or before 30 June 2018.

The Revised Consideration under the terms of items (2), (3) and (4) above, which is to be paid in cash, shall be free of interest.

Save as disclosed above, the Consideration adjustment mechanism remains unchanged from the Announcement.

The Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser) confirm that the Consideration (as revised under the Supplemental Agreement) payable by the Company pursuant to the Acquisition Agreement was arrived at after arm's length negotiations between the Company and the Vendor.

Financial Information of the Target Group

The Target Group has undergone a restructuring process to form the existing Target Group. For details in relation to the restructuring process, please refer to the section headed "(1) Target Companies and its subsidiaries" in the announcement of the Company dated 12 January 2016. Set out below are the key unaudited financial information of the Target Group for the year ended 31 December 2014, year ended 31 December 2015 and for the 5 months period ended 31 May 2016 prepared in accordance with the Hong Kong Financial Reporting Standards:

Consolidated statements of profit and loss and other comprehensive income	Year ended 31 December		Five months ended 31 May	
	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Revenue	–	1,760	–	–
Profit/(loss) before tax	(4,668)	(15,008)	2,511	1,897
Profit/(loss) after tax	(4,668)	(15,008)	2,511	1,897
		At	At	At
		31 December	31 December	31 May
Consolidated statements of financial position		2014	2015	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)
Total Assets		534,043	213,138	213,032
Total Liabilities		394,942	96,068	95,354
Net Assets		139,101	117,070	117,678

IMPLICATION UNDER THE LISTING RULES

Notwithstanding the changes made by way of the Supplemental Agreement, the Proposed Acquisition remains to constitute a major acquisition and connected transaction of the Company under Chapters 19 and 20 of the Listing Rules, respectively.

By Order of the Board
Hong Wei (Asia) Holdings Company Limited
Wong Cheung Lok
Chairman and executive Director

Hong Kong, 20 September 2016

At the date of this announcement, the executive Directors are Mr. Wong Cheung Lok, Ms. Cheung Ngar Kwan, Ms. Huang Xiuyan and Mr. Liu Jiayong; the non-executive Directors are Mr. Ong Chor Wei and Mr. Lai Ming Wai; and the independent non-executive Directors are Dr. Xu Jianmin, Ms. Qian Xiaoyu and Dr. Chow Ho Wan, Owen.

This announcement will remain on the GEM website (www.hkgem.com) for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.hongweiasia.com.

This announcement, for which the directors of the issuer collectively and individually accept fully responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.